

Inquiry finds women in leading finance companies receive around 80 per cent less in bonuses

City bonuses: Commission inquiry reveals 80 per cent gender pay gap

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Women in some of the UK's leading finance companies receive around 80 per cent less in performance related pay than male colleagues, an inquiry by the Commission has found. The disparity is a major factor behind the massive gender pay gap in the finance sector.

The Commission's **Finance Sector Inquiry**, published today, includes data from a questionnaire sent to 50 companies employing 22.6 per cent of workers in the sector. It reveals nearly all women taking up new jobs in these companies still start on lower average salaries than men, suggesting the gender gap is being further entrenched by recruitment patterns.

The Inquiry also suggests that the sector's age profile may be a key factor blocking women's success. An unusually high proportion of workers in the sector fall into the 25-39 age group - the age at which women tend to have childcare responsibilities.

The Inquiry is the first time this type of data on gender pay gaps in the sector has been collected, with the Commission using its statutory powers to require companies to provide evidence of their working practices and policies including pay, job evaluations and audits.

Findings from the data supplied to the Commission include:

- Women employees earned an average of £2,875 in annual performance related pay compared to an average of £14,554 for men - a gender pay gap of 80 per cent.
- A gap in annual basic pay between women and men of 39 per cent. However, this gender pay gap rises to 47 per cent for annual total earnings when performance related pay, bonuses and overtime are taken into account.
- Among the organisations who responded, women received significantly lower performance related pay on average than men in 94 per cent of cases.
- In 86 per cent of responses to the Commission, women who had started their jobs in the last two-and-a-half years had lower starting salaries on average than men starting in the same period
- Significant 'in-grade' gender pay gaps in at least half of all job grades/categories, where men and women are assumed to be doing the same or equivalent work, were found in 63 per cent of cases.
- Less than half of cases report making some effort to address the pay gap
- Only 23 per cent of cases report that they have undertaken an equal pay audit.

As a whole, the finance sector has one of the highest overall gender pay gaps in the UK economy - with women working full-time earning 55 per cent less annual gross salary than men. This compares to a pay gap of 28 per cent for the economy generally.

There were examples of good practice in some of the organisations questioned, with one employer reporting that they made data on average bonus payments by gender available to employees. Another offered a maternity buddy system to support pregnant women and those on maternity leave.

Trevor Phillips, Chair of the Commission said:

'The Financial sector has the potential to play a central role in Britain's recovery. But it has to address this shocking disparity of rewards. For business to thrive in the new economy it simply can't afford to recruit and reward in the way it has done in the past.

'By bringing down arbitrary barriers, and changing practices that, intentionally or not, inhibit women's success, financial firms have the chance to boost morale, bring on new talent, and maximise the potential of their existing employees.

'I'm encouraged by the firms which are developing transparent pay policies and flexible approaches to work. But there aren't enough of them. The many need to learn from the few. At a time when shareholders have become alert to the dangers of 'groupthink' and potential employees and

customers value transparency and fair treatment it's clear the enlightened few have a competitive advantage.'

Recommendations in the report include:

- Appointing a board member to set the tone, champion the issues and drive change
- Incorporating equality and diversity into organisational and individual objectives
- Undertaking annual equal pay audits and publishing the data
- Ensuring maternity, paternity and parental support schemes are in place and effective
- Monitoring the implementation and impact of policy on gender equality

The Commission has now begun the third phase of its Inquiry which will involve collaboration with finance companies, employees, industry associations, leaders, regulators and trade unions to develop more targeted solutions to the gender inequalities identified in its report.

[Find out more and download the Inquiry report](#)

Ends

For more information contact the Equality and Human Rights Commission Media Office on 02031170255, out of hours 07767272818.

Notes to editors

The Finance Sector:

- The finance sector provided 1.3 million jobs in Britain in 2008 and employed four per cent of the workforce.
- Women made up 51 per cent of employees over 2003-08, and over the same period:
- Banks accounted for 43 per cent of employees in the sector.
- Insurance and pensions or related auxiliary activities made up 39 per cent of employees.

These statistics are from research commissioned at the start of the Inquiry and published by the Commission in Metcalf and Rolfe, *Employment and earnings in the finance sector: a gender analysis*, 2009.

A questionnaire was sent to 50 finance organisations around Britain, most of whom employed more than 250 employees. In all 44 companies provided useable data, including 12 holding companies, and these companies made a total of 72 returns, referred to as 'cases'. The questionnaire results were analysed for the Commission by a team at the University of Strathclyde Business School. However, they cannot be generalised to the finance sector due to the size and nature of the sample. Supplementary evidence was drawn from a call for evidence, seminars with legal advisers, trade unions and staff associations, and interviews with industry representatives, led by the Inquiry evidence panel.

Gender pay gaps (from questionnaire responses)

- The gender pay gap for annual performance related pay of 80 per cent and the average performance related pay for men and women are based on 42 responses.
- The gap in annual basic pay between women and men is 39 per cent (based on 50 responses). However this gender pay gap rises to 47 per cent for annual total earnings when overtime and performance related pay, including bonuses, are taken into account (based on 49 responses).
- Among the organisations who responded, women received significantly (a gap of at least five per cent) lower performance related pay on average than men in 94 per cent of cases.

Job evaluation for surveyed organisations (from questionnaire responses):

- One third of cases undertook job evaluations (22 responses).
- The practice of job evaluation was positively associated with a lower gender pay gap in annual basic pay and annual total earnings.

The Commission's **Phase 1** report launched in April included an analysis of Labour Force Survey and the Annual Survey of Hours and Employment and found that:

- The gender pay gap for annual gross earnings (i.e. all earnings, irrespective of hours) was 60 per cent, much higher than the economy-wide gender pay gap of 42 per cent.
- Based on average full-time annual gross earnings the gender pay gap was 55 per cent, compared with 28 per cent overall.
- Based on average full-time hourly pay (excluding overtime), the gap was still comparatively high at 40 per cent versus 17 per cent for Britain generally.

Inquiry Terms of Reference

The Equality and Human Rights Commission is carrying out an Inquiry into sex discrimination in the financial services sector under section 16 of the Equality Act 2006. The terms of reference are to:

1. Inquire into the gender pay gap and pay trends across the financial services sector.
2. Inquire into the extent and nature of sex discrimination in relation to recruitment, terms and conditions, promotion, career paths, retention and workplace culture across the financial services sector.
3. Examine measures used by employers and other organisations to address sex discrimination and inequalities in pay and status and to assess the effectiveness of such measures
4. Assess and analyse the differential impact of job losses in the sector.
5. Consider any other matters as appear to the Commission to be relevant to the above.
6. Make such recommendations as are appropriate.

The Equality and Human Rights Commission

The Commission is a statutory body established under the Equality Act 2006, which took over the responsibilities of Commission for Racial Equality, Disability Rights Commission and Equal Opportunities Commission. It is the independent advocate for equality and human rights in Britain. It aims to reduce inequality, eliminate discrimination, strengthen good relations between people, and promote and protect human rights. The Commission enforces equality legislation on age, disability, gender, race, religion or belief, sexual orientation or transgender status, and encourages compliance with the Human Rights Act and international treaties. It also gives advice and guidance to businesses, the voluntary and public sectors, and to individuals.